

A Study on Plans to Improve Vocational Training System for the Working Poor

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1. Purpose of the Study

This study aims to analyze the characteristics of the working poor by classifying them into several categories in terms of the vocational education and training. The research examines a variety of changes in job skills development systems and policies in Korea for the working poor; the status/conditions of their participation in vocational training programs; ways to help these vulnerable groups to find jobs through linkage of income security policies(the Earned Income Tax Credit(EITC), the Unemployment Benefits, the National Basic Livelihood Security Act, etc.) and other employment services. By doing this, the study suggests plans to expand and improve vocational training programs for the working poor.

2. Definition of the Working Poor and Their Current Status/Condition

This study defines the working poor as people having the ability to work but living in poverty, in accordance with the poverty level of households and work ability of individuals. More specifically, people who have worked or have performed job searching activities for more than 6 months among poor households can be called the working poor. Two determinants of the poverty level of people are the relative poverty line(up to 50% of median income) and the minimum cost of living. In the case of the minimum cost of living, the poverty level can be divided into three groups, which are the absolute poor(up to 100% of the minimum cost of living), the second poorest group (up to 120% of the minimum cost of living), and the third poorest group(up to 150% of the minimum cost of living). The analysis result of the socio-demographic characteristics about the working poor has shown that there is a high proportion of female householders among the working poor. These

women are less likely to be well-educated, to have decent jobs, and to hold higher positions in the workplace compared to male householders. Therefore, it has turned out that it is necessary to establish vocational training system that put more focus on women householders as a better way to help the working poor.

3. Analysis of Systems/Policies Towards the Working Poor

The following are the analysis results of the National Basic Livelihood Security Act, self-sufficiency programs, the Earned Income Tax Credit(EITC), the minimum wage system, and job skills development policies of Korea. First, it is essential to motivate the working poor to participate in economic activities and to receive vocational training as a way to acquire job skills. Second, vocational training programs which meet the manpower demand of the local labor market should be provided to the working poor in order to increase their employment rate after receiving the training. Third, it is desirable to establish customized vocational training programs suited to the companies' needs through partnerships among the government, business owners, and labor unions.

4. The Empirical Analysis of Job Skills Development of the Working Poor

The current status/condition of the working poor, wage effect on them, and a probability of their status change were examined based on data of KLIPS (Korean Labor and Income Panel Survey). The analysis about vocational training participation rate of the working poor group and the other group demonstrates that the participation rate of the working poor is lower than that of the other, and this gap continues up to now.

Meanwhile, 5.9% of the people among the working poor group and 8.0% of the other group indicated respectively their wish to participate in future vocational training programs. In addition, the information and communications sector turned out to be the most popular field for the trainees, as 20.0% of the working poor and 16.6% of the other group chose this category each in their answers to the question about the type of training programs they want to participate in the future. However, the research result shows that wages of the people in the working poor group are likely to increase by 33~36% after participating in training programs when setting up the relative poverty line and the minimum cost of living as 100%, while wages of the other group tend to increase by 12%. On the other hand, the dynamic analysis about the

working poor's status change probability clearly demonstrates that more than 20% of the households who have the ability to work are classified into the working poor.

Furthermore, more than 50% in the working poor group have failed to overcome poverty, which means that the poverty cycle continues to repeat among certain people. This shows that the jobs skills development programs can be effective means to help people escape from the poverty cycle, however, anti-poverty policies are needed to be designed from the long-term perspective.

5. Survey on the Current Status/Condition of Vocational Training Programs for the Working Poor

The research includes the survey on the current status/condition of vocational training programs for the working poor and in-depth interview with the working poor. The following are the results of the analysis and suggestions. First, it is recommended to create new terms and concepts that can explain in more detail about the working poor and their job skills development, and to develop active strategies for advocating policies/systems towards the working poor. Second, performing profiling of the data on the working poor is needed to get a more clear understanding of their actual conditions. Third, the study found out that the working poor has been largely excluded in many parts from the benefits of the vocational education training programs supported by the government. Thus, it is necessary to develop practical measures to help them have the benefit of the government-sponsored job skills development programs on the basis of the comprehensive understanding of the current status/condition of the working poor. Fourth, it is predicted that the environment of job skills development for the working poor will be improved soon, however, a variety of detailed plans should be established to realize this expectation. Lastly, it is highly desirable that policies for the working poor at both the micro and macro level are implemented at the same time; at the macro level, raising awareness of the necessity of the vocational training for the working poor, and the fundamental change of the system/policies for them; and at the micro level, providing incentives to individuals and companies for their participation in training program, upgrading education programs, and developing more customer-oriented system/policies.

6. Inclusive Policies for Supporting Employment of the Working Poor

The core element of policies connecting employment and social welfare is to get active labor market policies, employment support policies and income security policies exert synergistic effects. To promote effectiveness of policies for the working poor, it is important to design comprehensive policies supporting employment of the working poor, which connect the passive policies for employment, such as the subsidy for livelihood security of the National Basic Livelihood Security Act and the unemployment benefits of the Employment Insurance, and customized employment support services suited to the needs of job seekers. Of course, the further analysis is needed to identify whether these policies can be possible by only adjusting and improving the existing policies or a completely new system should be established. As mentioned above, there is a need for more in-depth researches about possible measures to support the working poor's self-sufficiency, along with the enforcement of effective policies at the government level.

7. Plans to Improve Vocational Training System for the Working Poor

The biggest concern about the working poor in the labor market is that they are not able to get easy access to the labor market and cannot find the decent jobs. In other words, even if they enter the labor market, many of them have been suffering low wages and job insecurity. Under these unpleasant circumstances, in many cases the working poor have so far caught in the trap of poverty continuously, although they work very hard. Therefore, it is required to establish the comprehensive system that supports job skills development of the working poor so that they can prepare well to participate in the labor market and also keep their job after they get employed. In particular, providing one-time, short-term training services should be avoided and the customized vocational education and training system suited to the needs of the working poor should be made from the long-term perspective. Furthermore, it is also essential to modify and improve the existing policies for the working poor to make them better reflect the realities and more effective. More specifically, in terms of the job skills development programs, more active support by the government and program improvement are required so that the vocational training can play a more important role in many employment support programs, like the employment package program that connects job consultation, vocational education and training, and job placement service. Also, the working poor should be aware that the job skills

development can be a key way to get out of the working poor class who have to take the lowest position in the labor market and face a number of social problems, including job insecurity, poverty, and unemployment. Lastly, along with enhancing effectiveness of job skills development programs for the working poor, it is one of the most urgent tasks to improve vocational training system for the unemployed and incumbent workers, including devising plans to enhance training outcomes, developing more effective training consultation methods, self-pay rate adjustment for training, and training course evaluation process reform.